



themselves to finance the construction of power plants and various smaller industrial concerns or services connected with heavy industry. And they will need to obtain big loans abroad for this purpose. This ought not, however, to be too difficult, provided agreements can be reached for the sale of the energy.

The financing of the Búrfell project and the Straumsvík aluminium reduction plant may therefore be expected to provide the example for the organization of such matters in Iceland in the future. Iceland will import most of the necessary capital, in the form of loans for power plants and as private capital for heavy industry.

Enormous Boost to the GNP

The new Ministry of Industry is now discussing with interested foreign concerns the question of cooperation in these matters. Icelanders believe such cooperation could be extremely advantageous to both sides, not only because of the ease with which cheap energy can be obtained in Iceland, but also because of the stability of Icelandic society and the high standard of education. Iceland's entry into EFTA on 1st March 1970 will no doubt exert a positive influence on the development of this cooperation, for it means that the country has now become part of a duty-free market of 100 million people for manufactured goods.

It is clear that cooperation of this sort would be of immense benefit to Iceland. It is estimated that the gross sales value of water power in Iceland could amount to \$ 80 million per year and of steam energy \$ 12 million per year. The initial cost of the hydro-electric plants alone is estimated at \$ 900 million and of heavy industrial projects \$ 1800 million. The export value of the products of the latter is estimated at about \$ 800 million per year, of which it is calculated that some \$ 125 million per year would remain in the country in the form of wages, taxes and electricity sales. These are high figures, when it is borne in mind that the Gross National Product in Iceland is, because of the small population, only about \$ 300 million per year.

Fjalldalur, a spectacular waterfall in North-west Iceland
Photo: U. Pálsson